

**GALLAGHER & KENNEDY**

P.A.

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October 21, 2011

**HAND DELIVERED**

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

G-20471A-11-0390

Re: *SemStream Arizona Propane, L.L.C.'s ("SemStream") Request that the Commission Authorize a Purchased Gas Adjustor ("PGA") Surcharge as Described Herein for SemStream's Page-Area Propane Gas Distribution System; Docket No. G-20471A-11-\_\_\_\_\_*

Dear Sir or Madam:

SemStream requests that the Commission authorize a PGA surcharge of \$0.37 per therm starting January 1, 2012 for its Page-area gas distribution system. Attached hereto as Exhibit A are supporting schedules and calculations concerning this request.

As background, in Decision No. 69579 dated May 21, 2007, the Commission authorized SemStream's acquisition of Black Mountain Gas Company's Page Division assets and CC&N (the "Transfer Order"). One of the conditions of the Transfer Order was that SemStream retain the Page Division's PGA surcharge of \$0.2562 per therm which had been approved in Decision No. 68816.

Finding 13 of that Decision instructed that the \$0.2562 per-therm surcharge would remain in effect until the end of January, 2008 and, if the PGA bank balance had not reached zero by then, "that a \$0.10 per therm PGA surcharge be applied beginning in February 2008." The bank balance did not reach zero by January of 2008. Accordingly, SemStream reduced the PGA surcharge to \$0.10 per therm on February 1, 2008. That is the surcharge which is currently in effect.

In February of this year—after the Page Division's bank balance threshold of \$60,000 was exceeded at the end of 2010—SemStream contacted the Utilities Division Staff and recommended that no upward PGA rate adjustment be made at that time. Based on past summers' experience, SemStream expected that the warmer summer months' normal smaller purchases combined with lower prices would reduce the bank balance without the need for further surcharge action.

Unfortunately, this past summer's experience did not produce that result. Bank balances did not decline, because, unlike 2010, the cost of gas was up in every month in 2011. Thus, the differential from the base cost of \$0.55 was much higher than the norm.

As a result, as of September 30, 2011, the Page under-collection has increased to more than \$323,000 (Exhibit A, page 2). Further, SemStream estimates the under-collection will grow to almost \$471,000 by the end of January, 2013 if there is no increase in the surcharge (Exhibit A, page 5).

With implementation of the \$0.37 per-therm surcharge effective January 1, 2012, SemStream estimates that it will still take approximately 17 months (or until May, 2013) to reduce the current under-collection to near zero (Exhibit A, page 4). Estimated data concerning the anticipated impacts of the surcharge is set forth at page 1 of Exhibit A.

Communications concerning this filing should be sent to the attention of:

Doug Mann  
Catherine Wolverton  
SemStream Arizona Propane, L.L.C.  
200 W. Longhorn  
Payson, AZ 85541  
(928) 474-2294

With a copy to:

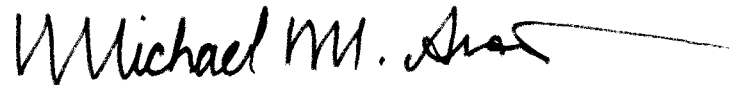
Michael M. Grant  
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(602) 530-8291

Docket Control  
October 21, 2011  
Page 3

SemStream requests that the Commission enter its Order authorizing a PGA surcharge of \$0.37 per therm commencing January, 2012.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

A handwritten signature in black ink, appearing to read "Michael M. Grant", with a long horizontal flourish extending to the right.

By:

Michael M. Grant

MMG/plp  
20474-1/2884923  
Attachments

cc (w/attachments; delivered): Bob Gray, Utilities Division  
Candrea Allen, Utilities Division

**Original and 13 copies** filed with Docket  
Control this 21<sup>st</sup> day of October, 2011.

	<u>Dec 2011 -</u> <u>Nov 2012 Inc</u> <u>surcharge</u>	<u>Dec 2011 -</u> <u>Nov 2012</u> <u>no change</u> <u>surcharge</u>	<u>Dec 2010</u> <u>Nov 2011</u>	<u>proposed</u> <u>surcharge:</u> <u>increase over</u> <u>prior year</u>	<u>Proposed</u> <u>Surcharge:</u> <u>% increase</u> <u>over prior</u> <u>year</u>	<u>proposed</u> <u>increase</u> <u>over</u> <u>projected</u> <u>year</u>	<u>proposed</u> <u>% increase</u> <u>over</u> <u>projected</u> <u>year</u>	<u>projected</u> <u>increase</u> <u>without</u> <u>change in</u> <u>surcharge</u>	<u>projected %</u> <u>increase</u> <u>without</u> <u>change in</u> <u>surcharge</u>
Average Annual Gas Cost	\$ 2,052	\$ 1,841	\$ 1,720	\$ 332	19%	\$ 210	11%	\$ 121	7%
Total Winter Gas Costs (Oct-Mar)	\$ 1,266	\$ 1,136	\$ 1,059	\$ 207	20%	\$ 130	11%	\$ 77	7%
Total January Gas Costs	\$ 259.82	\$ 232.21	\$ 215.85	\$ 44	20%	\$ 28	12%	\$ 16	8%
PGA Annual cost	\$ 826.98	\$ 826.98	\$ 703.66	\$ 123	18%	\$ -	0%	\$ 123	18%
PGA January cost	\$ 98.31	\$ 98.31	\$ 81.95	\$ 16	20%	\$ -	0%	\$ 16	20%
ave PGA cost	\$ 1.06	\$ 1.06	\$ 0.90	\$ 0.16	18%	\$ 0.16	18%	\$ 0.16	18%

January 2012 - December 2012													
with no change from current .10 surcharge													
		Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
SemStream Arizona Propane													
Projected Therms	Totals	135,505	144,215	119,427	87,873	80,611	68,325	56,614	45,951	54,143	53,918	66,635	119,215
Projected Customers		1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325
Projected Annual Therms per Customer	779	102	109	90	66	61	52	43	35	41	41	50	90
Approved Tariff		\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093	\$1.2093
Fuel Surcharge - no change		\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000
Projected PGA Adjuster	\$ 1.0613	\$ 0.9613	\$ 1.0240	\$ 1.0636	\$ 1.0636	\$ 1.0636	\$ 1.0636	\$ 1.0636	\$ 1.0636	\$ 1.0776	\$ 1.0852	\$ 1.0954	\$ 1.1108
Projected Total: \$/Therm	\$	\$ 2.2706	\$ 2.3333	\$ 2.3729	\$ 2.3729	\$ 2.3729	\$ 2.3729	\$ 2.3729	\$ 2.3729	\$ 2.3869	\$ 2.3945	\$ 2.4047	\$ 2.4201
Projected Gas cost per Customer	\$ 1.841	\$ 232.21	\$ 253.96	\$ 213.88	\$ 157.37	\$ 144.36	\$ 122.36	\$ 101.39	\$ 82.29	\$ 97.54	\$ 97.44	\$ 120.93	\$ 217.75

January 2011 - December 2011															
9 months actual, 3 months estimate															
SemStream Arizona Propane		Actual		Actual		Actual		Actual		Actual		Estimate		Estimate	
Totals		Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Nov-11	Nov-11	Nov-11
		135,505	144,215	119,427	87,873	80,611	68,325	56,614	45,951	54,143	53,918	66,635	119,215	119,215	119,215
Customers		1,325	1,324	1,326	1,320	1,310	1,327	1,306	1,325	1,325	1,325	1,325	1,325	1,325	1,325
Annual Therms per Customer		781	102	109	90	62	51	43	35	41	41	50	90	90	90
Approved Tariff			\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093	\$1,2093
Fuel Surcharge			\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000	\$0.1000
Average PGA Adjuster			\$0.8013	\$0.8640	\$0.9036	\$0.9036	\$0.9036	\$0.9036	\$0.9036	\$0.9176	\$0.9252	\$0.9354	\$0.9508	\$0.9508	\$0.9508
Total: \$/Therm			\$2.1106	\$2.1733	\$2.2129	\$2.2129	\$2.2129	\$2.2129	\$2.2129	\$2.2269	\$2.2345	\$2.2447	\$2.2601	\$2.2601	\$2.2601
Current Annual Gas cost per Customer			\$1,720	\$215.85	\$236.72	\$199.31	\$147.31	\$136.17	\$113.94	\$95.93	\$76.74	\$91.00	\$90.93	\$112.89	\$203.35

Exhibit A - Page 2  
Surcharge Calculation  
Company Number G-2047A1

Page, AZ

Beginning Bank Balance

under(over) collected

Monthly Interest @ Commercial Financial 3

Mths

Bank Balance("" overcollected)

Therms Vaporized

cost of therms vaporized

Total Purchase Gas Costs

Total cost to be recovered

Sales Therms

Customers

Therms per customer 2011

Allowed Gas Cost per Therm

Amount recovered by base period gas

costs

Rolling Average PGA per Therm

Amount recovered from Rolling Avg PGA

Fuel Adjuster Surcharge

Amount recovered by Surcharge

Total Recovered

Ending Bank Balance

Projected  
Surcharge  
Approval

	Actual Sep-11	EST. Oct-11	EST. Nov-11	EST. Dec-11	EST. Jan-12	EST. Feb-12	EST. Mar-12	EST. Apr-12	EST. May-12	EST. Jun-12	EST. Jul-12	EST. Aug-12	EST. Sep-12	EST. Oct-12	EST. Nov-12	EST. Dec-12	EST. Jan-13	EST. Feb-13	EST. Mar-13	EST. Apr-13	EST. May-13
Totals	\$ 306,076	\$ 323,989	\$ 336,220	\$ 351,375	\$ 382,943	\$ 372,246	\$ 351,176	\$ 328,671	\$ 312,160	\$ 288,950	\$ 263,583	\$ 254,438	\$ 232,023	\$ 230,270	\$ 219,295	\$ 205,777	\$ 186,058	\$ 153,648	\$ 109,467	\$ 67,814	\$ 37,200
	\$ 56	\$ 59	\$ 56	\$ 59	\$ 64	\$ 62	\$ 59	\$ 55	\$ 52	\$ 48	\$ 44	\$ 42	\$ 39	\$ 38	\$ 37	\$ 34	\$ 31	\$ 26	\$ 18	\$ 11	\$ 6
	\$ 306,132	\$ 324,049	\$ 336,276	\$ 351,433	\$ 383,006	\$ 372,308	\$ 351,234	\$ 328,726	\$ 312,212	\$ 288,999	\$ 263,627	\$ 254,480	\$ 232,062	\$ 230,309	\$ 219,332	\$ 205,811	\$ 186,089	\$ 153,674	\$ 109,485	\$ 67,825	\$ 37,206
	46,438	54,598	67,890	125,020	137,287	145,753	120,513	88,692	82,811	66,736	62,491	59,376	46,438	54,598	67,890	125,020	137,287	145,753	120,513	88,692	82,811
per therm	\$ 1,9357	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,6500	\$ 1,6500	\$ 1,6500	\$ 1,6000	\$ 1,9381	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,7785	\$ 1,6500
	\$ 89,890	\$ 97,103	\$ 120,742	\$ 222,349	\$ 244,165	\$ 259,222	\$ 214,333	\$ 157,739	\$ 136,638	\$ 110,114	\$ 103,110	\$ 95,000	\$ 90,000	\$ 97,103	\$ 120,742	\$ 222,349	\$ 244,165	\$ 259,222	\$ 214,333	\$ 157,739	\$ 136,638
	\$ 396,022	\$ 421,152	\$ 457,018	\$ 573,782	\$ 627,172	\$ 631,530	\$ 565,567	\$ 486,465	\$ 448,850	\$ 399,113	\$ 366,737	\$ 349,480	\$ 322,062	\$ 327,411	\$ 340,073	\$ 428,160	\$ 430,254	\$ 412,895	\$ 323,818	\$ 225,564	\$ 173,844
Totals	\$ 45,951	\$ 53,918	\$ 66,635	\$ 119,215	\$ 135,505	\$ 144,215	\$ 119,427	\$ 87,873	\$ 80,611	\$ 68,325	\$ 56,614	\$ 50,214	\$ 45,951	\$ 53,918	\$ 66,635	\$ 119,215	\$ 135,505	\$ 144,215	\$ 119,427	\$ 87,873	\$ 80,611
	1,299	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325
	35	41	50	90	102	109	90	66	61	52	43	45	35	41	50	90	102	109	90	66	61
	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,5500	\$ 0,55	\$ 0,55	\$ 0,55	\$ 0,55	\$ 0,55	\$ 0,55	\$ 0,55	\$ 0,55	\$ 0,55	\$ 0,55
	\$ 25,273	\$ 29,655	\$ 36,649	\$ 65,568	\$ 74,528	\$ 79,318	\$ 65,685	\$ 48,330	\$ 44,336	\$ 37,579	\$ 31,138	\$ 32,568	\$ 25,273	\$ 29,655	\$ 36,649	\$ 65,568	\$ 74,528	\$ 79,318	\$ 65,685	\$ 48,330	\$ 44,336
	\$ 0,9176	\$ 0,9252	\$ 0,9354	\$ 0,9508	\$ 0,9613	\$ 1,0240	\$ 1,0636	\$ 1,0636	\$ 1,0636	\$ 1,0636	\$ 1,0636	\$ 1,0636	\$ 1,0776	\$ 1,0852	\$ 1,0954	\$ 1,1108	\$ 1,1213	\$ 1,1840	\$ 1,2236	\$ 1,2236	\$ 1,2236
	\$ 42,165	\$ 49,885	\$ 62,330	\$ 113,350	\$ 130,261	\$ 147,676	\$ 127,023	\$ 93,462	\$ 85,738	\$ 72,070	\$ 60,215	\$ 62,980	\$ 49,517	\$ 58,512	\$ 72,992	\$ 132,424	\$ 151,942	\$ 170,751	\$ 146,131	\$ 107,521	\$ 98,636
	\$ 0,1000	\$ 0,1000	\$ 0,1000	\$ 0,1000	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700	\$ 0,3700
	\$ 4,595	\$ 5,392	\$ 6,664	\$ 11,922	\$ 50,137	\$ 53,360	\$ 44,188	\$ 32,513	\$ 29,826	\$ 25,280	\$ 20,947	\$ 21,909	\$ 17,002	\$ 19,950	\$ 24,655	\$ 44,110	\$ 50,137	\$ 53,360	\$ 44,188	\$ 32,513	\$ 29,826
	\$ 72,033	\$ 84,932	\$ 105,643	\$ 190,839	\$ 254,926	\$ 280,354	\$ 236,895	\$ 174,305	\$ 159,800	\$ 135,529	\$ 112,300	\$ 117,457	\$ 91,792	\$ 108,116	\$ 134,296	\$ 242,102	\$ 276,606	\$ 303,428	\$ 256,004	\$ 188,365	\$ 172,798
	\$ 323,989	\$ 336,220	\$ 351,375	\$ 382,943	\$ 372,246	\$ 351,176	\$ 328,671	\$ 312,160	\$ 288,950	\$ 263,583	\$ 254,438	\$ 232,023	\$ 230,270	\$ 219,295	\$ 205,777	\$ 186,058	\$ 153,648	\$ 109,467	\$ 67,814	\$ 37,200	\$ 1,046

Exhibit A - Page 3  
Rolling Average Calculation  
Company Number G-2047A1

DATE	MONTHLY COMMODITY COST		VAPORIZED THERMS	COST PER THERM VAPORIZED		MONTHLY SALES THERMS	Twelve Months Ending		Month Cost Per Therm Sold	Total Cost 12-Month Rolling Avg.	roll avg less base cost	MIN PGA prev 12 months high less .16	MAX PGA prev 12 months low plus .16	Effective PGA Rate calculated	PGA rate REPORTED to be used in 2 mos.		effective date new PGA
	Total						Total	Sales THERMS									
Sep-10	\$ 77,116		54,436	1.4166		54,143	\$ 1,435,064	\$ 1,082,723	1.4243	1.3254	0.7754	0.7186	0.9036	\$	0.7754	\$	Nov-10
Oct-10	\$ 86,682		54,598	1.5876		53,918	\$ 1,437,608	\$ 1,072,178	1.6077	1.3408	0.7908	0.7186	0.9036	\$	0.7908	\$	Dec-10
Nov-10	\$ 117,802		67,890	1.7352		66,635	\$ 1,446,797	\$ 1,070,650	1.7679	1.3513	0.8013	0.7186	0.9036	\$	0.8013	\$	Jan-11
Dec-10	\$ 212,356		125,020	1.6986		119,215	\$ 1,508,279	\$ 1,066,641	1.7813	1.4140	0.8640	0.7186	0.9036	\$	0.8640	\$	Feb-11
Jan-11	\$ 247,114		137,287	1.8000		135,505	\$ 1,551,479	\$ 1,046,776	1.8237	1.4821	0.9321	0.7186	0.9036	\$	0.9036	\$	Mar-11
Feb-11	\$ 263,500		145,753	1.8079		144,215	\$ 1,615,255	\$ 1,038,682	1.8271	1.5551	1.0051	0.7436	0.9036	\$	0.9036	\$	Apr-11
Mar-11	\$ 217,644		120,513	1.8060		119,427	\$ 1,677,145	\$ 1,039,564	1.8224	1.6133	1.0633	0.7436	0.9036	\$	0.9036	\$	May-11
Apr-11	\$ 160,497		88,692	1.8096		87,873	\$ 1,705,238	\$ 1,025,897	1.8265	1.6622	1.1122	0.7436	0.9036	\$	0.9036	\$	Jun-11
May-11	\$ 151,871		82,811	1.8339		80,611	\$ 1,770,177	\$ 1,039,753	1.8840	1.7025	1.1525	0.7436	0.9036	\$	0.9036	\$	Jul-11
Jun-11	\$ 129,450		66,736	1.9397		68,325	\$ 1,807,327	\$ 1,037,945	1.8946	1.7413	1.1913	0.7436	0.9036	\$	0.9036	\$	Aug-11
Jul-11	\$ 106,174		62,491	1.6990		56,614	\$ 1,841,101	\$ 1,040,515	1.8754	1.7694	1.2194	0.7436	0.9176	\$	0.9176	\$	Sep-11
Aug-11	\$ 112,379		59,376	1.8927		59,214	\$ 1,882,585	\$ 1,045,695	1.8978	1.8003	1.2503	0.7576	0.9252	\$	0.9252	\$	Oct-11
Sep-11	\$ 89,890		46,438	1.9357		45,951	\$ 1,895,359	\$ 1,037,503	1.9562	1.8268	1.2768	0.7652	0.9354	\$	0.9354	\$	Nov-11
Oct-11	\$ 97,103		54,598	1.7785		53,918	\$ 1,905,780	\$ 1,037,503	1.8009	1.8369	1.2869	0.7754	0.9508	\$	0.9508	\$	Dec-11
Nov-11	\$ 120,742		67,890	1.7785		66,635	\$ 1,908,720	\$ 1,037,503	1.8120	1.8397	1.2897	0.7908	0.9613	\$	0.9613	\$	Jan-12
Dec-11	\$ 222,349		125,020	1.7785		119,215	\$ 1,918,713	\$ 1,037,503	1.8651	1.8494	1.2994	0.8013	1.0240	\$	1.0240	\$	Feb-12
Jan-12	\$ 244,165		137,287	1.7785		135,505	\$ 1,915,764	\$ 1,037,503	1.8019	1.8465	1.2965	0.8640	1.0636	\$	1.0636	\$	Mar-12
Feb-12	\$ 259,222		145,753	1.7785		144,215	\$ 1,911,486	\$ 1,037,503	1.7975	1.8424	1.2924	0.9036	1.0636	\$	1.0636	\$	Apr-12
Mar-12	\$ 214,333		120,513	1.7785		119,427	\$ 1,908,175	\$ 1,037,503	1.7947	1.8392	1.2892	0.9036	1.0636	\$	1.0636	\$	May-12
Apr-12	\$ 157,739		88,692	1.7785		87,873	\$ 1,905,417	\$ 1,037,503	1.7951	1.8365	1.2865	0.9036	1.0636	\$	1.0636	\$	Jun-12
May-12	\$ 136,638		82,811	1.6500		80,611	\$ 1,890,184	\$ 1,037,503	1.6950	1.8219	1.2719	0.9036	1.0636	\$	1.0636	\$	Jul-12
Jun-12	\$ 110,114		66,736	1.6500		68,325	\$ 1,870,848	\$ 1,037,503	1.6116	1.8032	1.2532	0.9036	1.0636	\$	1.0636	\$	Aug-12
Jul-12	\$ 103,110		62,491	1.6500		56,614	\$ 1,867,784	\$ 1,037,503	1.6213	1.8003	1.2503	0.9036	1.0776	\$	1.0776	\$	Sep-12
Aug-12	\$ 95,000		59,376	1.6000		59,214	\$ 1,850,405	\$ 1,037,503	1.6044	1.7835	1.2335	0.9176	1.0852	\$	1.0852	\$	Oct-12
Sep-12	\$ 90,000		46,438	1.9381		45,951	\$ 1,850,515	\$ 1,037,503	1.9586	1.7836	1.2336	0.9252	1.0954	\$	1.0954	\$	Nov-12
Oct-12	\$ 97,103		54,598	1.7785		53,918	\$ 1,850,515	\$ 1,037,503	1.8009	1.7836	1.2336	0.9354	1.1108	\$	1.1108	\$	Dec-12
Nov-12	\$ 120,742		67,890	1.7785		66,635	\$ 1,850,515	\$ 1,037,503	1.8120	1.7836	1.2336	0.9508	1.1213	\$	1.1213	\$	Jan-13
Dec-12	\$ 222,349		125,020	1.7785		119,215	\$ 1,850,515	\$ 1,037,503	1.8651	1.7836	1.2336	1.0240	1.1840	\$	1.1840	\$	Feb-13
Jan-13	\$ 244,165		137,287	1.7785		135,505	\$ 1,850,515	\$ 1,037,503	1.8019	1.7836	1.2336	1.0636	1.2236	\$	1.2236	\$	Mar-13
Feb-13	\$ 259,222		145,753	1.7785		144,215	\$ 1,850,515	\$ 1,037,503	1.7975	1.7836	1.2336	1.0636	1.2236	\$	1.2236	\$	Apr-13
Mar-13	\$ 214,333		120,513	1.7785		119,427	\$ 1,850,515	\$ 1,037,503	1.7947	1.7836	1.2336	1.0636	1.2236	\$	1.2236	\$	May-13
Apr-13	\$ 157,739		88,692	1.7785		87,873	\$ 1,850,515	\$ 1,037,503	1.7951	1.7836	1.2336	1.0636	1.2236	\$	1.2236	\$	Jun-13
May-13	\$ 136,638		82,811	1.6500		80,611	\$ 1,850,515	\$ 1,037,503	1.6950	1.7836	1.2336	1.0636	1.2236	\$	1.2236	\$	Jul-13

Exhibit A - Page 4

Projected Bank Balance with change in surcharge  
Company Number G-20471A

date	Bank Balance	Purchase	total to be recovered	sales terms	base cost recovery	pga rate	pga recovery	total recovered	surcharge rate	surcharge recovery	total recovered	interest	ending balance
					0.55								
Jan-11	\$ 65,598	\$ 247,114	\$ 312,712	135,505	\$ 74,528	0.8013	108,580	183,108	\$ 0.1000	\$ 13,551	\$ 196,658	14.21	116,068
Feb-11	\$ 116,068	\$ 263,500	\$ 379,568	144,215	\$ 79,318	0.8640	124,602	203,920	\$ 0.1000	\$ 14,422	\$ 218,342	22.25	161,249
Mar-11	\$ 161,249	\$ 217,644	\$ 378,893	119,427	\$ 65,685	0.9036	107,914	173,599	\$ 0.1000	\$ 11,943	\$ 185,542	29.56	193,380
Apr-11	\$ 193,380	\$ 160,497	\$ 353,877	87,873	\$ 48,330	0.9036	79,402	127,732	\$ 0.1000	\$ 8,787	\$ 136,519	35.45	217,393
May-11	\$ 217,393	\$ 151,871	\$ 369,264	80,611	\$ 44,336	0.9036	72,840	117,176	\$ 0.1000	\$ 8,061	\$ 125,237	32.61	244,060
Jun-11	\$ 244,060	\$ 129,450	\$ 373,510	68,325	\$ 37,579	0.9036	61,738	99,317	\$ 0.1000	\$ 6,833	\$ 106,150	34.58	267,394
Jul-11	\$ 267,394	\$ 106,174	\$ 373,568	56,614	\$ 31,138	0.9036	51,156	82,294	\$ 0.1000	\$ 5,661	\$ 87,956	37.88	285,651
Aug-11	\$ 285,651	\$ 112,379	\$ 398,030	59,214	\$ 32,588	0.9036	53,506	86,073	\$ 0.1000	\$ 5,921	\$ 91,995	38.09	306,073
Sep-11	\$ 306,073	\$ 89,890	\$ 395,963	45,951	\$ 25,273	0.9176	42,165	67,438	\$ 0.1000	\$ 4,595	\$ 72,033	56.11	323,987 actual
Oct-11	\$ 323,987	\$ 97,103	\$ 421,089	53,918	\$ 29,665	0.9252	49,885	79,540	\$ 0.1000	\$ 5,392	\$ 84,932	54.00	336,212 estimate
Nov-11	\$ 336,212	\$ 120,742	\$ 456,954	66,635	\$ 36,649	0.9354	62,330	98,980	\$ 0.1000	\$ 6,664	\$ 105,643	56.04	351,367
Dec-11	\$ 351,367	\$ 222,349	\$ 573,716	119,215	\$ 65,568	0.9508	113,350	178,918	\$ 0.1000	\$ 11,922	\$ 190,839	58.56	382,935
Jan-12	\$ 382,935	\$ 244,165	\$ 627,100	135,505	\$ 74,528	0.9613	130,261	204,789	\$ 0.3700	\$ 50,137	\$ 254,926	63.82	372,238 new surcharge
Feb-12	\$ 372,238	\$ 259,222	\$ 631,460	144,215	\$ 79,318	1.024	147,676	226,994	\$ 0.3700	\$ 53,360	\$ 280,354	62.04	351,168
Mar-12	\$ 351,168	\$ 214,333	\$ 565,501	119,427	\$ 65,685	1.0636	127,023	192,707	\$ 0.3700	\$ 44,188	\$ 236,895	58.53	328,664
Apr-12	\$ 328,664	\$ 157,739	\$ 486,403	87,873	\$ 48,330	1.0636	93,462	141,792	\$ 0.3700	\$ 32,513	\$ 174,305	54.78	312,153
May-12	\$ 312,153	\$ 136,638	\$ 448,791	80,611	\$ 44,336	1.0636	85,738	130,074	\$ 0.3700	\$ 29,826	\$ 159,900	52.03	288,943
Jun-12	\$ 288,943	\$ 110,114	\$ 399,057	68,325	\$ 37,579	1.0636	72,670	110,249	\$ 0.3700	\$ 25,280	\$ 135,529	48.16	263,576
Jul-12	\$ 263,576	\$ 103,110	\$ 366,686	56,614	\$ 31,138	1.0636	60,215	91,352	\$ 0.3700	\$ 20,947	\$ 112,300	43.93	254,430
Aug-12	\$ 254,430	\$ 95,000	\$ 349,430	59,214	\$ 32,568	1.0636	62,980	95,548	\$ 0.3700	\$ 21,909	\$ 117,457	42.41	232,016
Sep-12	\$ 232,016	\$ 90,000	\$ 322,016	45,951	\$ 25,273	1.0776	49,517	74,790	\$ 0.3700	\$ 17,002	\$ 91,792	38.67	230,263
Oct-12	\$ 230,263	\$ 97,103	\$ 327,366	53,918	\$ 29,665	1.0852	58,512	88,167	\$ 0.3700	\$ 19,950	\$ 108,116	38.38	219,288
Nov-12	\$ 219,288	\$ 120,742	\$ 340,030	66,635	\$ 36,649	1.0954	72,992	109,641	\$ 0.3700	\$ 24,655	\$ 134,296	36.55	205,770
Dec-12	\$ 205,770	\$ 222,349	\$ 428,119	119,215	\$ 65,568	1.1108	132,424	197,992	\$ 0.3700	\$ 44,110	\$ 242,102	34.30	186,052
Jan-13	\$ 186,052	\$ 244,165	\$ 430,217	135,505	\$ 74,528	1.1213	151,942	226,470	\$ 0.3700	\$ 50,137	\$ 276,606	31.01	153,641
Feb-13	\$ 153,641	\$ 259,222	\$ 412,863	144,215	\$ 79,318	1.184	170,751	250,069	\$ 0.3700	\$ 53,360	\$ 303,428	25.61	109,461
Mar-13	\$ 109,461	\$ 214,333	\$ 323,794	119,427	\$ 65,685	1.2236	146,131	211,816	\$ 0.3700	\$ 44,188	\$ 256,004	18.24	67,808
Apr-13	\$ 67,808	\$ 157,739	\$ 225,547	87,873	\$ 48,330	1.2236	107,521	155,862	\$ 0.3700	\$ 32,513	\$ 188,365	11.30	37,194
May-13	\$ 37,194	\$ 136,638	\$ 173,832	80,611	\$ 44,336	1.2236	98,636	142,972	\$ 0.3700	\$ 29,826	\$ 172,798	6.20	1,040

Exhibit A - Page 5

Projected Bank Balance - without change in surcharge  
Company Number G-20471A

<u>date</u>	<u>Bank Balance</u>	<u>Purchase</u>	<u>total to be recovered</u>	<u>sales therms</u>	<u>base cost recovery</u>	<u>pga rate</u>	<u>pga recovery</u>	<u>total recovered</u>	<u>surcharge rate</u>	<u>surcharge recovery</u>	<u>total recovered</u>	<u>interest</u>	<u>ending balance</u>
					0.55								
Jan-11	\$ 65,598	\$ 247,114	\$ 312,712	135,505	\$ 74,528	0.8013	108,580	183,108	\$ 0.1000	\$ 13,551	\$ 196,658	14.21	116,088
Feb-11	\$ 116,068	\$ 263,500	\$ 379,568	144,215	\$ 79,318	0.8640	124,602	203,920	\$ 0.1000	\$ 14,422	\$ 218,342	22.25	161,249
Mar-11	\$ 161,249	\$ 217,644	\$ 378,893	119,427	\$ 65,685	0.9036	107,914	173,599	\$ 0.1000	\$ 11,943	\$ 185,542	29.56	193,380
Apr-11	\$ 193,380	\$ 160,497	\$ 353,877	87,873	\$ 48,330	0.9036	79,402	127,732	\$ 0.1000	\$ 8,787	\$ 136,519	35.45	217,393
May-11	\$ 217,393	\$ 151,871	\$ 369,264	80,611	\$ 44,336	0.9036	72,840	117,176	\$ 0.1000	\$ 8,061	\$ 125,237	32.61	244,060
Jun-11	\$ 244,060	\$ 129,450	\$ 373,510	68,325	\$ 37,579	0.9036	61,738	99,317	\$ 0.1000	\$ 6,833	\$ 106,150	34.58	267,394
Jul-11	\$ 267,394	\$ 106,174	\$ 373,568	56,614	\$ 31,138	0.9036	51,156	82,294	\$ 0.1000	\$ 5,661	\$ 87,956	37.88	285,651
Aug-11	\$ 285,651	\$ 112,379	\$ 398,030	59,214	\$ 32,568	0.9036	53,506	86,073	\$ 0.1000	\$ 5,921	\$ 91,995	38.09	306,073
Sep-11	\$ 306,073	\$ 89,890	\$ 395,963	45,951	\$ 25,273	0.9176	42,165	67,438	\$ 0.1000	\$ 4,595	\$ 72,033	56.11	323,987
Oct-11	\$ 323,987	\$ 97,103	\$ 421,089	53,918	\$ 29,655	0.9252	49,885	79,540	\$ 0.1000	\$ 5,392	\$ 84,932	54.00	336,212
Nov-11	\$ 336,212	\$ 120,742	\$ 456,954	66,635	\$ 36,649	0.9354	62,330	98,980	\$ 0.1000	\$ 6,664	\$ 105,643	56.04	351,367
Dec-11	\$ 351,367	\$ 222,349	\$ 573,716	119,215	\$ 65,568	0.9508	113,350	178,918	\$ 0.1000	\$ 11,922	\$ 190,839	58.56	382,935
Jan-12	\$ 382,935	\$ 244,165	\$ 627,100	135,505	\$ 74,528	0.9613	130,261	204,789	\$ 0.1000	\$ 13,551	\$ 218,339	63.82	408,825
Feb-12	\$ 408,825	\$ 259,222	\$ 668,047	144,215	\$ 79,318	1.024	147,676	226,994	\$ 0.1000	\$ 14,422	\$ 241,416	68.14	426,699
Mar-12	\$ 426,699	\$ 214,333	\$ 641,032	119,427	\$ 65,685	1.0636	127,023	192,707	\$ 0.1000	\$ 11,943	\$ 204,650	71.12	436,453
Apr-12	\$ 436,453	\$ 157,739	\$ 594,192	87,873	\$ 48,330	1.0636	93,462	141,792	\$ 0.1000	\$ 8,787	\$ 150,579	72.74	443,685
May-12	\$ 443,685	\$ 136,638	\$ 580,323	80,611	\$ 44,336	1.0636	85,738	130,074	\$ 0.1000	\$ 8,061	\$ 138,135	73.95	442,262
Jun-12	\$ 442,262	\$ 110,114	\$ 552,376	68,325	\$ 37,579	1.0636	72,670	110,249	\$ 0.1000	\$ 6,833	\$ 117,082	73.71	435,388
Jul-12	\$ 435,368	\$ 103,110	\$ 538,478	56,614	\$ 31,138	1.0636	60,215	91,352	\$ 0.1000	\$ 5,661	\$ 97,014	72.56	441,537
Aug-12	\$ 441,537	\$ 95,000	\$ 536,537	59,214	\$ 32,568	1.0636	62,980	95,548	\$ 0.1000	\$ 5,921	\$ 101,469	73.59	435,142
Sep-12	\$ 435,142	\$ 90,000	\$ 525,142	45,951	\$ 25,273	1.0776	49,517	74,790	\$ 0.1000	\$ 4,595	\$ 79,385	72.52	445,829
Oct-12	\$ 445,829	\$ 97,103	\$ 542,932	53,918	\$ 29,655	1.0852	58,512	88,167	\$ 0.1000	\$ 5,392	\$ 93,559	74.30	449,448
Nov-12	\$ 449,448	\$ 120,742	\$ 570,190	66,635	\$ 36,649	1.0954	72,992	109,641	\$ 0.1000	\$ 6,664	\$ 116,305	74.91	453,960
Dec-12	\$ 453,960	\$ 222,349	\$ 676,309	119,215	\$ 65,568	1.1108	132,424	197,992	\$ 0.1000	\$ 11,922	\$ 209,914	75.66	466,471
Jan-13	\$ 466,471	\$ 244,165	\$ 710,636	135,505	\$ 74,528	1.1213	151,942	226,470	\$ 0.1000	\$ 13,551	\$ 240,020	77.75	470,694
Feb-13	\$ 470,694	\$ 259,222	\$ 729,916	144,215	\$ 79,318	1.184	170,751	260,069	\$ 0.1000	\$ 14,422	\$ 264,490	78.45	465,504
Mar-13	\$ 465,504	\$ 214,333	\$ 679,837	119,427	\$ 65,685	1.2236	146,131	211,816	\$ 0.1000	\$ 11,943	\$ 223,758	77.58	456,156
Apr-13	\$ 456,156	\$ 157,739	\$ 613,895	87,873	\$ 48,330	1.2236	107,521	155,852	\$ 0.1000	\$ 8,787	\$ 164,639	76.03	449,332
May-13	\$ 449,332	\$ 136,638	\$ 585,970	80,611	\$ 44,336	1.2236	98,636	142,972	\$ 0.1000	\$ 8,061	\$ 151,033	74.89	435,012

actual  
estimate

## Summary

1. We have been using a \$.10 surcharge to collect an undercollected balance.
2. We now have an under collected bank balance of \$323,989 projected to increase steadily without an increase in the surcharge (estimated to reach a peak of approximately \$471,000 by Jan 2013 if no change to surcharge - see "Page 4.1 Bank Balance no change" tab)
3. We are proposing a \$.37 per therm surcharge, an increase of \$.27 per therm, to collect the undercollected balance, over approximately 17 months
4. The increase in the PGA occurring due to rising propane prices, as projected, indicates a 7-8% increase in customer bills for the year, without an increase in the surcharge
5. The increase due to an increase in the surcharge is projected at approximately 11%
6. The total increase to customer bills for 2012 over 2011 is estimated to be approximately 19% which includes an increase to both the surcharge and an increase in PGA rates